

CR-13 501

RECEIVED
IN CLERK'S OFFICE
U.S. DISTRICT COURT E.D.N.Y.

DMJ:CCC:PGJ
F.# 2013R00980

★ AUG 27 2013 ★

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

LONG ISLAND OFFICE

- - - - - X

UNITED STATES OF AMERICA

I N F O R M A T I O N

- against -

ADAM ABZUG,
JEFFREY T. BAIRD,
also known as "Jay,"
DENNIS DANIELE,
JAY A. FRIEDMAN,
STEVEN GRALNICK,
also known as "Robert,"
MARK L. HARRIS,
also known as "Harris Marks,"
IRIS JUMPER,
MICHAEL C. MINOTTO,
also known as "Dean,"
STEVEN ROSENBERG,
ANTHONY JOSEPH SPINELLI and
BARRY STERN,

Cr. No. _____
(T. 18, U.S.C. §§ 371
and 3551 et seq.)

BIANCO, J.
LINDSAY, M

Defendants.

- - - - - X

THE UNITED STATES ATTORNEY CHARGES:

INTRODUCTION

At all times relevant to this Information, unless otherwise indicated:

1. Multivend, LLC, d/b/a Vendstar ("Vendstar") operated from Deer Park, New York. Vendstar sold vending machine business opportunities to customers throughout the United States.

2. The defendants ADAM ABZUG, DENNIS DANIELE, JAY A. FRIEDMAN, STEVEN GRALNICK, also known as "Robert," MARK L. HARRIS, also known as "Harris Marks," IRIS JUMPER, MICHAEL C. MINOTTO, also known as "Dean," STEVEN ROSENBERG and ANTHONY JOSEPH SPINELLI were sales representatives for Vendstar ("the sales representatives"). The sales representatives spoke by telephone to prospective customers and sent promotional materials to prospective customers through a commercial interstate carrier.

3. The defendant JEFFREY T. BAIRD, also known as "Jay," operated Advance Placement Services, Inc. ("APS"), which originally was based in Tucson, Arizona, and later moved to Chicago, Illinois. APS was a "locating company" that, in exchange for a fee, purported to find locations for customers' vending machines. APS was one of several locating companies that was recommended at various times by Vendstar to prospective customers.

4. The defendant BARRY STERN was involved in shipping, receiving, purchasing, operating the warehouse, factory operations and occasionally sales at Vendstar.

The Fraudulent Scheme

5. At various times in or about and between May 2005 and July 2010, the defendants ADAM ABZUG, JEFFREY T. BAIRD, also known as "Jay," DENNIS DANIELE, JAY A. FRIEDMAN, STEVEN GRALNICK, also

known as "Robert," MARK L. HARRIS, also known as "Harris Marks," IRIS JUMPER, MICHAEL C. MINOTTO, also known as "Dean," STEVEN ROSENBERG, ANTHONY JOSEPH SPINELLI and BARRY STERN, together with others, devised, implemented, supervised and executed a scheme to fraudulently induce customers throughout the United States to purchase vending machine business opportunities from Vendstar by means of materially false and fraudulent pretenses, representations and promises. The fraudulent scheme generally worked as follows:

a. Vendstar sold to its customers business opportunities to own and operate bulk candy vending machines that dispensed loose candy. Vendstar typically offered for sale between 20 and 30 vending machines for \$9,995. As part of the business opportunity package, Vendstar sales representatives promised to provide the following: vending machines, an initial supply of candy, assistance in finding locations for vending machines, training and ongoing customer assistance in how to operate a successful vending business.

b. Vendstar's newspaper and Internet advertisements suggested that a "local vending route" was available and that customers could earn \$800 per day.

c. Prospective customers who responded to the advertisements spoke by telephone with a Vendstar sales

representative, including the defendants ADAM ABZUG, DENNIS DANIELE, JAY A. FRIEDMAN, STEVEN GRALNICK, also known as "Robert," MARK L. HARRIS, also known as "Harris Marks," IRIS JUMPER, MICHAEL C. MINOTTO, also known as "Dean," STEVEN ROSENBERG, ANTHONY JOSEPH SPINELLI and BARRY STERN, and others. During these telemarketing calls, the Vendstar sales representatives described the business opportunity as a low-risk investment in which Vendstar would provide everything needed for the customer to be successful.

d. Vendstar's sales representatives, including the defendants ADAM ABZUG, DENNIS DANIELE, JAY A. FRIEDMAN, STEVEN GRALNICK, also known as "Robert," MARK L. HARRIS, also known as "Harris Marks," IRIS JUMPER, MICHAEL C. MINOTTO, also known as "Dean," STEVEN ROSENBERG, ANTHONY JOSEPH SPINELLI and BARRY STERN, and others, provided prospective customers with the telephone number of a locating company, including the locating company operated by the defendant JEFFREY T. BAIRD, also known as "Jay," and encouraged prospective customers to contact that locating company, assured them that the recommended locating company would find good locations for vending machines and touted guarantees offered by the locating companies that made the investment appear to be low risk.

e. Vendstar's sales representatives, including the defendants ADAM ABZUG, DENNIS DANIELE, JAY A. FRIEDMAN, STEVEN

GRALNICK, also known as "Robert," MARK L. HARRIS, also known as "Harris Marks," IRIS JUMPER, MICHAEL C. MINOTTO, also known as "Dean," STEVEN ROSENBERG, ANTHONY JOSEPH SPINELLI and BARRY STERN, and others, told the operators of the recommended locating companies, including the defendant JEFFREY T. BAIRD, also known as "Jay," about the prospective customers and sometimes coached the operators of the locating companies on what to say to the prospective customers. Throughout the process, the Vendstar sales representatives and locating companies' operators frequently exchanged information and coordinated their sales messages to the prospective customers.

f. To induce purchases of the business opportunities, Vendstar's sales representatives, including the defendants ADAM ABZUG, DENNIS DANIELE, JAY A. FRIEDMAN, STEVEN GRALNICK, also known as "Robert," MARK L. HARRIS, also known as "Harris Marks," IRIS JUMPER, MICHAEL C. MINOTTO, also known as "Dean," STEVEN ROSENBERG, ANTHONY JOSEPH SPINELLI and BARRY STERN, and others, falsely overstated the likely profits of the business opportunities and falsely claimed to operate successful vending routes themselves. The Vendstar sales representatives falsely overstated the services that Vendstar and the locating companies recommended by Vendstar would provide to customers. The Vendstar sales representatives intentionally failed to inform prospective

customers that Vendstar had received numerous complaints from customers that the vending machines did not earn the profits represented by Vendstar sales representatives, locating companies did not usually find locations that generated the profits represented by sales representatives and locating companies broke their promises to relocate machines and provide refunds.

g. To induce customers to purchase the business opportunity from Vendstar, the defendant JEFFREY T. BAIRD, also known as "Jay," during interstate telephone calls, falsely told some prospective customers that his company already had pre-established locations awaiting machines in those potential customers' areas and falsely told other prospective customers that it would be easy to find good locations and that the "locators" the defendant BAIRD would send to find locations were professionals who knew how to identify high-traffic locations. During these interstate telephone calls, the defendant BAIRD also told prospective customers that the vending machine business was likely to be profitable and that prior customers were doing well financially.

h. To further induce customers to purchase the business opportunity from Vendstar, the defendant JEFFREY T. BAIRD, also known as "Jay," intentionally concealed from prospective customers, during interstate telephone calls, that some customers

had in the past experienced difficulty finding locations for vending machines, that previous customers' vending machines generated minimal if any revenue, that BAIRD worked closely with Vendstar's managers and sales representatives to close deals, that BAIRD had received numerous complaints about the "locators" whom he hired to find locations, that locators tried to place the vending machines as quickly as possible without regard to the likely profitability of the location and that many customers had difficulty reaching BAIRD once the customers had paid BAIRD for the supposed locating services.

i. Vendstar employees sent to prospective customers by overnight delivery service a sales packet that included a glossy brochure and a promotional video.

j. Vendstar's sales representatives, including the defendants ADAM ABZUG, DENNIS DANIELE, JAY A. FRIEDMAN, STEVEN GRALNICK, also known as "Robert," MARK L. HARRIS, also known as "Harris Marks," IRIS JUMPER, MICHAEL C. MINOTTO, also known as "Dean," STEVEN ROSENBERG, ANTHONY JOSEPH SPINELLI and BARRY STERN, and others, encouraged prospective customers to use credit cards and wire transfers to purchase the business opportunity.

k. The defendant ANTHONY JOSPEH SPINELLI and others tried to convince customers who had purchased the business opportunity to "reorder" additional vending machines. The

defendant SPINELLI falsely claimed that customers could place additional vending machines in locations that already had been secured for previous customers in the area who had recently backed out of a purchase. The defendant SPINELLI alternatively sometimes falsely claimed that customers could place additional machines in locations that had just been vacated by previous customers in the area who had recently moved out of the state and taken their machines to the new state.

1. As a result of this false and fraudulent scheme, the defendants ADAM ABZUG, JEFFREY T. BAIRD, also known as "Jay," DENNIS DANIELE, JAY A. FRIEDMAN, STEVEN GRALNICK, also known as "Robert," MARK L. HARRIS, also known as "Harris Marks," IRIS JUMPER, MICHAEL C. MINOTTO, also known as "Dean," STEVEN ROSENBERG, ANTHONY JOSEPH SPINELLI and BARRY STERN, and others, caused Vendstar's customers to lose most of their investments.

CONSPIRACY TO COMMIT MAIL AND WIRE FRAUD

6. The allegations contained in paragraphs one through five are realleged and incorporated as if fully set forth in this paragraph.

7. In or about and between May 2005 and July 2010, both dates being approximate and inclusive, within the Eastern District of New York and elsewhere, the defendants ADAM ABZUG, JEFFREY T.

BAIRD, also known as "Jay," DENNIS DANIELE, JAY A. FRIEDMAN, STEVEN GRALNICK, also known as "Robert," MARK L. HARRIS, also known as "Harris Marks," IRIS JUMPER, MICHAEL C. MINOTTO, also known as "Dean," STEVEN ROSENBERG, ANTHONY JOSEPH SPINELLI and BARRY STERN, together with others, did knowingly and intentionally conspire to devise a scheme and artifice to defraud Vendstar customers, and to obtain money and property from them by means of materially false and fraudulent pretenses, representations and promises, and for the purpose of executing such scheme and artifice, (a) to place and to cause to be placed in authorized depositories for mail matter, one or more matters and things to be sent and delivered by the United States Postal Service; and to deposit and to cause to be deposited to be sent and delivered by private and commercial interstate carriers one or more matters and things; and to take and receive from an authorized depository for mail, one or more mail matters and things, contrary to Title 18, United States Code, Section 1341, and (b) to transmit and cause to be transmitted, by means of wire communication, in interstate and foreign commerce, writings, signs, signals, pictures and sounds, contrary to Title 18, United States Code, Section 1343.

8. In furtherance of the conspiracy, and to effect its objects, within the Eastern District of New York, the defendants ADAM

ABZUG, JEFFREY T. BAIRD, also known as "Jay," DENNIS DANIELE, JAY A. FRIEDMAN, STEVEN GRALNICK, also known as "Robert," MARK L. HARRIS, also known as "Harris Marks," IRIS JUMPER, MICHAEL C. MINOTTO, also known as "Dean," STEVEN ROSENBERG, ANTHONY JOSEPH SPINELLI and BARRY STERN, together with others, committed and caused to be committed, among others, the following:

OVERT ACTS

- a. On or about November 10, 2008, the defendant JAY A. FRIEDMAN and his co-conspirators sent Vendstar promotional materials from Deer Park, New York, through an interstate commercial carrier to a customer in Parsippany, New Jersey.
- b. On or about January 15, 2009, the defendant STEVEN ROSENBERG and his co-conspirators sent Vendstar promotional materials from Deer Park, New York, through an interstate commercial carrier to a customer in North Lauderdale, Florida.
- c. On or about January 20, 2009, the defendant JEFFREY T. BAIRD spoke by telephone from Chicago, Illinois, to a vendstar customer in Dobbs Ferry, New York.
- d. On or about January 20, 2009, the defendant MICHAEL C. MINOTTO and his co-conspirators sent Vendstar promotional materials from Deer Park, New York, through an interstate commercial carrier to a customer in Fort Lauderdale, California.

e. On or about June 8, 2009, the defendant ADAM ABZUG and his co-conspirators sent Vendstar promotional materials from Deer Park, New York, through an interstate commercial carrier to a customer in Port Saint Lucie, Florida.

f. On or about August 26, 2009, the defendants STEVEN GRALNICK and BARRY STERN and their co-conspirators sent Vendstar promotional materials from Deer Park, New York, through an interstate commercial carrier to a customer in Boca Raton, Florida.

g. On or about September 3, 2009, the defendant ANTHONY JOSEPH SPINELLI and his co-conspirators sent Vendstar promotional materials from Deer Park, New York, through an interstate commercial carrier to a customer in Manchester, Missouri.

h. On or about October 7, 2009, the defendant IRIS JUMPER and her co-conspirators sent Vendstar promotional materials from Deer Park, New York, through an interstate commercial carrier to a customer in Hialeah, Florida.

i. On or about October 22, 2009, the defendant DENNIS DANIELE and his co-conspirators sent Vendstar promotional materials from Deer Park, New York, through an interstate commercial carrier to a customer in San Juan Capistrano, California.

j. On or about November 13, 2009, the defendant JEFFREY T. BAIRD sent an email message from Chicago, Illinois,

regarding a potential Vendstar customer to a co-conspirator in Deer Park, New York, whose identity is known to the United States Attorney.

k. On or about November 24, 2009, the defendant MARK L. HARRIS and his co-conspirators sent Vendstar promotional materials from Deer Park, New York, through an interstate commercial carrier to a customer in Colorado Springs, Colorado.

(Title 18, United States Code, Sections 371 and 3551 et seq.)


LORETTA E. LYNCH
UNITED STATES ATTORNEY
EASTERN DISTRICT OF NEW YORK

